Collective actors in industrial relations: what future?

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Introduction to the Special Issue
Collective Actors in Industrial Relations: What Future?

The papers included in this special issue of *Industrielle Beziehungen* were first presented as part of Track 4 of the 13th World Congress of the International Industrial Relations Association held in Berlin in September, 2003. The theme of this track was entitled: „Collective Actors in Industrial Relations: What Future?" This is a fitting topic of analysis and debate, given the pressures that changes in the external context or environments of industrial relations are posing to the institutional structure of industrial relations over much of the 20th century. While the papers presented here can only sample small portions of this question, we present them in hopes of encouraging further research on these issues.

Actors: Can they influence industrial relations?

The term „actors" in industrial relations gained currency in John Dunlop's Industrial Relations Systems (1958). He proposed that three parties – employers, labor unions, and government – are the key actors in a modern industrial relations system. He also argued that none of these institutions could act in an autonomous or independent fashion. Instead they were shaped, at least to some extent, by their market, technological and political contexts. A longstanding debate in our field has been: How much volition or discretion these actors have in responding to changes in their environment?

This debate takes on more urgency today than at any point in recent history. Changes in the environmental contexts in which work takes place and employment relationships are formed are placing great pressures on employers, unions, and government to adapt and update their practices and policies. The sources of change are well known: globalization, new technologies, changes in both workforce demographics and in the very role that workers and their human capital play in labor markets and organizations. These changes pose several additional questions: Can these actors regain control over their destiny and over the destiny or performance of their industrial relations systems in light of changes in these external contexts? Are new actors and/or new structures emerging that require reconceptualizing our theories of industrial relations? What institutional innovations will be needed from policy makers and practitioners in our field?

These are some of the questions raised in the papers that follow. In this brief introduction, I will summarize how these papers address these questions and offer several thoughts of my own. But before beginning, let us reflect on another important context that influences the shape and behavior of key institutions in industrial relations. I refer to the *historical context*, and specifically to those rare but critical moments

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in history when actors have both the opportunity and the responsibility to revamp or update how their institutions meet the needs of the workforce, economies and societies they serve. The lessons of history suggest there are key moments, usually caused by a crisis of major proportions that create the space for significant strategic choices by the actors that can change their institutions and their contributions to the performance of an industrial relations system.

I believe we are now in the midst of this type of historic crisis and opportunity. Unfortunately, I write this report at a time of international crisis, when failed diplomacy has given way to a war that is accompanied by deep divisions among longstanding allies and trading partners, persistent uncertainty in global markets, and a loss of confidence in many of the institutions that govern our global and domestic economies and employment relationships.

The geopolitical crisis coincides with a crisis in our industrial relations profession. The root cause of this crisis is that the policies, institutions, and practices that were developed to govern and support industrial relations in the 20th century are, and have for some time, been declining in effectiveness, status, and centrality in today's world of work (Osterman et al. 2001). *The central challenge and responsibility facing our generation of professionals is to update our ideas, policies, institutions, and practices so that they can once again achieve their fundamental mission: the enhancement of efficiency and equity at work and in our societies.*

The geopolitical crisis and the crisis in our profession are not unrelated. The current government in power in America has been able to pursue its agenda without considering its impacts on the welfare of working families, the economy, or the solidarity and cohesion of citizens in America or abroad. One important reason for this is that, at present, there is no strong and independent countervailing voice capable of speaking with power and influence for American workers. For years, scholars and industrial relations professionals have argued that no democracy can long prosper or indeed even survive in the absence of an independent, strong, and forward-looking labor movement. I am sorry to report that America is testing this hypothesis today.

America is not alone in this regard. While the decline in the American labor movement is more profound than others, unions in most countries are declining in membership and influence in their societies. Thus, we need to ask very fundamental questions about the future of labor unions in our economies and societies.

But our questioning must not stop there. The corporate scandals of the past two years have raised equally fundamental questions about the purposes, governance structures, and role of corporations in society. National and transnational policies and institutions governing employment, labor, trade, and development are likewise being challenged, often vociferously, following a decade in which world income grew but the number of people living in poverty increased by over 100 million (Stiglitz 2002). Thus I believe we are at an historic juncture, a time to ask how we might recast the full range of institutions which supported our industrial relations systems of the twentieth century to meet the needs of global, knowledge based economies and democracies of the 21st century.

Our field has not seen as deep a crisis or need for renewal of our institutions at any time since the end of World War II. Reconstruction efforts following that war

were grounded in the principle that building democratic societies in Europe and Japan required active steps to build free, democratic, and modern labor movements in each country. Accompanying this on an international level was a commitment to invest the resources, financial and personal, in reconstruction efforts that succeeded in building strong economies in Europe, and Japan and helped to create the process that led to the creation of the European Community and the other transnational relationships that allowed for trade to expand in orderly fashion. My challenge to all of us is to live up to the legacy of our post war scholars and practitioners, some of whom were founders of the IIRA. Our task is equally daunting.

With this context, crisis, and challenge in mind, let me summarize some of the highlights of the papers included in this issue.

Changing contexts

Sandra Jones starts the debate with a broad ranging call to rethink industrial relations theory to better reflect the contemporary networked, knowledge based, economy. This is perhaps the overriding challenge all industrial relations actors and institutions face. Knowledge, information, and human capital could serve as both the key sources of economic growth and competitive advantage and the new sources of power that will allow workers and their families to prosper in the 21st century economy. If this is so, then our task as industrial relations scholars is to revamp our theories and practices to support full development and utilization of these features of the modern workforce and economy.

Jones suggests that we think about industrial relations institutions more as networks than as rigid structures with clear boundaries. She proposes a model that focuses on building relationships based on trust and network ties at the local (community), national, and global levels of economic and social activity. These ideas are the basic building blocks of a theory that might support new institutions and more fluid network-like links among the actors. A key challenge, however, lies in understanding how to achieve and sustain high trust relationships in a world where power relationships and differences in ideology continue to drive behavior in many employment relationships. This question will, I believe be the focus of a great deal of industrial relations research and institutional experimentation in the years ahead.

Masako Yuki and Kazuyo Yamada focus on another dimension of the changing context: changes in the demographics of the labor force and the changing nature of work itself. They address some of the implications of the increased role of women in the workforce and the growing role of part time work by comparing the responses of Japanese (Rengo) and German (DGB) union federations to these developments. In both countries, the traditional view of unions has been to focus on and promote full time, standard work and to see the growth of part time work as a threat that might erode their work standards and job opportunities. However, as more women move into the paid labor force and take up part time jobs, this union position becomes untenable. In each country around the world, unions are trying to come to grips with this phenomenon. Doing so first requires a strategic shift in policy from one of opposing part time work to one of recognizing that flexibility in working hours can provide opportunities for men and women if, as the German unions put it, „worker sovereignty"

or choice can be protected and the standards of part time work can be regulated appropriately through a combination of legislation and collective representation.

Yuki and Yamada provide two case studies that show in both Japan and Germany these structural changes start with moving consideration of these issues from the backwaters of „women's departments" in union federations to mainstream priorities. In Germany this movement was aided by the emphasis given these issues in the European Community's working time legislation. A key challenge then lies in designing new union structures for attracting and maintaining membership among part-time men and women who have weaker attachments to a single employer and to paid work. This may mean more direct local unions as in Japan or other innovations fitted to the circumstances of different country and employment settings.

Adapting industrial relations institutions to accommodate a more diverse workforce, part-time work and other alternative work arrangements is a challenge facing unions and labor policy regimes in all countries around the world. Making them a priority will open up attractive alternatives for unions to reach women and to make gender equality at work and at home a central issue on the agenda of unions in the future. Further empirical studies of how unions (and employers) are adapting their structures and practices to accommodate and take advantage of increases in workforce diversity would be welcome.

Changing structures: Effects of decentralization on employer organizations

One of the clearest trends in industrial relations in the past two decades has been the gradual decentralization of multi-firm and firm specific bargaining structures (Katz/Darbishire 2000). A number of the papers presented in this track and several of those included in this issue examined this development within specific settings.

Franz Traxler provides empirical support for the importance of multiemployer bargaining and extension provisions for maintaining employer associations. He tests for the effects of openness to international trade but finds no effects. His analysis is limited to the peak associations in twenty highly industrialized countries. The evidence is clear that the decline in multiemployer bargaining in Britain and New Zealand in the 1980s and 1990s led to the end of employer associations in the former country and weakening of them in the latter. And the absence of significant multiemployer bargaining in the U.S. and Canada throughout this time period further confirms the findings. What is not captured here, however, is the decline of sectoral employer associations as industry dynamics change. For this we need to turn to the Zagelmeyer paper.

Stefan Zagelmeyer documents and compares the movement away from centralized industrial relations and collective bargaining institutions in Great Britain and Germany. He traces the decentralization in Britain from the report of the Donovan Commission in the 1970s which called for greater formalization of plant level industrial relations structure and relationships through the Thatcher revolution. The decline of multi-employer bargaining started in the late 1970s but clearly it was the Thatcher Government's policies that enabled it to accelerate in the decades that followed. Today, after more than a half decade of Labor Government in power, there is no evidence that the decentralized trend will be reversed. Likewise there is little evidence

that the reductions in union coverage from 67 percent of establishments and 85 percent of employees to 33 and 50 percent respectively will be reversed.

In Germany the move toward decentralization can be traced back to a backlash to the centralized bargaining that characterized the incomes policies of the 1960s. Both employers and unions began looking for ways to cope with rank and file dissatisfaction with the qualitative aspects of their working conditions. This led to developments in the metalworking sector that strengthened the role of works councils at the enterprise level. Then in the 1980s and especially in the 1990s employer associations experienced an exodus and more „opening clauses" were negotiated that allowed deviations from regional-sectoral bargaining agreements.

While the determinants of decline of multi-employer governance structures vary between the two countries there are some similarities in the dynamics that decentralization and its effects on related institutions. In both countries, age of establishment is positively correlated with multi-employer arrangements, since new firms in both countries (more in the former East Germany than the former West Germany) are more likely to resist both multi-employer institutional arrangements and collective bargaining in general. This is an extremely important, and I believe common trend in many industrial relations systems. New firms guard their independence and autonomy and see little common interest with older and larger firms. This clearly has been the dominant trend in the nations as different as the U.S., Japan, and Australia. Zagelmeyer also notes that decentralization is associated with a decline in union membership in both countries, again a correlation that has been noted as common across many countries (Swenson 1989). Zagelmeyer goes on to suggest that as unions decline, works councils have become more important institutions in Germany and may do so soon in Britain as it implements the European Union Works Council Directive. Whether this finding generalizes to countries outside of Europe will, I suspect, depend on how national governments respond to the void in worker voice that comes with persistent union decline. Time will tell.

Martin Behrens documents four case studies of emergent employer associations, suggesting that while their numbers and perhaps importance have declined, they are not extinct. In fact from time to time new associations are created. The factors driving the formation of new associations range from traditional causes—union pressure in the case of new broadcast industry in Germany, to pressure from the EU for sectoral dialogue in the case of a European-wide consortium of national construction employers association, to provision of information in a largely non union environment. Thus, there is no sign that employer associations will soon become an extinct species.

Overall, these papers show industry associations are declining as individual firms take on more importance, as new firms that choose not to join associations come into an industry, as new technologies create new industry segments or break up old ones, such as the growth of the information technology sector that cuts across traditional industry lines, as firms outsource and fragment their operations, and as small firms proliferate.

This does not mean that multiemployer associations have disappeared altogether or that the trend is irreversible. The role of governments, especially transnational gov-

ernment or regulatory bodies such as the EU, is a countervailing trend. To the extent that other government or regulatory bodies (e.g., the World Bank or IMF or WTO) become more important, employer bodies may form to lobby or interact with these transnational agencies, as they of course have at the level of the EU. But if these bodies do form, their functions will likely be quite different than those that arose in response to union power and the need to coordinate bargaining.

Clearly there continues to be a role for employers in the key political debates and institutions that shape industrial relations. One can hope that employers will organize their efforts to present a forward-looking progressive voice at this level of interaction to support expansion of global trade and to speak up for worker rights and democratic development principles. The absence of a collective voice by employers at this level means that each individual company is subject to the pressure and the opportunity to ignore these principles. We need labor and human resource professionals in employer associations to raise their professional voices, not just at the ILO but also at the IMF, World Bank, World Trade Organizations and in economic forums such as those that occur at Davos and other exotic places. If the calls for corporate responsibility are to carry any weight, human resource and industrial relations professionals within management organizations will need to reassert their voice and deliver this message.

Employers also need to engage the growing role of NGOs in developing countries and community groups such as work and family advocates in local communities. So while we debate whether traditional structures of collective bargaining and employer associations are declining, we need to think about how we fill the void in the voice of human resource and industrial relations management at these newly emerging levels of interaction.

I will make the same point below with respect to labor organizations.

Toward a new model of unionization?

Traditional union organizing and service models are not working and are not likely to work. This is the dominant theme in the papers that focus on the role of trade unions. While this may be a sobering conclusion in some ways I find it refreshing. We are now finally facing the fact that very different models of trade unions may be needed to be as powerful and progressive institutions in the 21st century as they were for much of the 20th century.

Lowell Turner uses data on the growing emphasis on coalition building by U.S. unions to propose the need for a new perspective for studying unions he calls the „revitalization movement." The underlying proposition in this theory is that unions will need to join forces with other progressive social forces such as environmental groups, students, living wage advocates, and NGOs in order to grow and reassert their role as a dynamic force for advancing workers' interests and labor standards. He criticizes, rightly in my mind, both the institutionalist and strategic choice models for missing the growing importance of this mobilization and coalition building activities. This is an important point for researchers to take into account. He calls for more research on the role and effects of coalitions and mobilization efforts in other countries.

Sylvie Contrepois and Steve Jeffreys focus on a particularly critical target group for union renewal: youth. They provide an interesting body of data on the motivations of union activists in Britain and France. Drawing on union activists in the banking sector in the two countries they find that young activists generally share the same commitment to social justice, fairness, and solidarity as their elder counterparts. Young activists may be more accepting of partnerships with their employer but they clearly do not lack a commitment to traditional union values. They join unions more for internal reasons of values, family background and ideology, less for defensive reasons or because of some external event. Thus, the basis for building a new labor movement may still exist among young workers and social activists. The key is to provide them with the opportunity to act on their values.

Lise Lotte Hanson discusses the growing importance of another key target group for future union growth: women. She sees women as both a challenge and opportunity. Drawing on research on unions in Denmark and Britain she suggests that unions need to transform their organizational processes to be more responsive to individual member needs and to better integrate these issues into their operations. In the end she is optimistic that unions can adapt to the growing number of women in the labor force and change in ways that make women saviors of the labor movement.

All these ideas need to be explored as we search for new strategies that might build the next generation labor unions. As I suggested at the outset of this paper, finding ways to rebuild unions is a critical issue not just for our field or for workers. It is vital to the future of democracy. Having said this, we should be careful not to view unions as the sole source of worker voice and influence, either at work or in community and societal discourse. Indeed, there are an increasing variety of structures and organizations including community level religious groups, ethnic networks, NGOs, student coalitions and alumni groups, and local dispute resolution agencies, all of which are attempting to provide workers with a voice at various levels of our industrial relations system. The interplay of these emerging institutional forms with more traditional unions promises to be an important issue for both research and practice for many years to come.

Collective bargaining and labor-management partnerships

One of the central questions in our field is whether collective bargaining will make the transformations needed to continue to serve as a central labor market institution in this century as it did in the one past. While there is little consensus on this broad question, there is widespread agreement on one point: collective bargaining as an institution is facing a severe crisis. Traditional adversarial bargaining relationships appear to be losing out to either non-union operations or to more productive labor management partnerships.

Periods of crisis tend to bring about an increased call for partnership and cooperation between labor and management. This period of history is no exception to this historical pattern. But, history also suggests that partnerships are hard to sustain over time and often only extend to a small portion of the overall union-management landscape. Thus it is important to examine the current wave of partnerships to see if they are likely to replicate or be an exception to the historical trend.

William Brown and Sarah Oxenbridge document the variety of partnership arrangements evolving in Britain and track their evolution over time. They find that about half of their cases are partnership agreements in which the employer seeks to contain union power and influence by offering partnership agreements to a less militant union (to avoid recognition of the more militant one) and then insisting on a formal agreement limiting the scope of bargaining or otherwise restricting union influence. They label these low trust partnerships. A second type of partnership is seen in settings where unions already have a strong presence and where a higher level of trust exists. In these unions leaders have greater influence and the parties engage in the types of partnership activities that supplement traditional forms of union influence. These often start out as relatively informal partnership relationships but over time some of these move to more formalized arrangements to deal with leadership turnover and to clarify for rank and file members the nature of the partnership arrangement. Whether either of these forms are sustainable through significant changes in management and/or union leadership still remains to be seen. But regardless of whether or not collective bargaining takes on the label of formal or informal partnerships, the authors conclude that the future of collective bargaining lies in developing more cooperative relationships between labor and management.

Summary

So where do the analysis and data presented in these papers leave us at this historic moment? I come away with the following conclusions and implications for future research.

1. We must expand the definition of the key „actors" in industrial relations systems to include institutional forms that are emerging at two levels. At the community level NGOs in developing countries and other civil society groups (women and family advocates, ethnic groups, religious groups, labor market intermediaries such as temporary help and placement agencies, etc.) are playing more active roles in labor markets and industrial relations. At the international level, efforts to build institutions that are able to engage the key international agencies that set policies and allocate financial resources are just beginning to emerge out of the conflicts over globalization that erupted in recent years. Both of these need greater analysis and incorporation into our models of industrial relations in the 21st century.
2. Employer organizations also need to change. It is ironic in some respects that as traditional employer associations and even labor relations and human resource departments within firms decline in status and power, the need for individual firms to build networks across locations and across traditional boundaries is growing. If we are moving to a more networked economy, then we might predict that employer institutions or associations that facilitate and coordinate these linkages should be on the rise. But transforming traditional employer associations that focused on collective bargaining to ones that can play these coordinating roles is a daunting challenge. The question is whether existing organizations can make this transformation or new ones will emerge to carry out this role.
3. Unions, if they are to have a future role, will need to engage in a process of revitalization by identifying new strategies for recruiting and retaining union mem-

bers, starting with young workers and staying with them throughout their careers and family life cycles. The very definition of unions, as we have come to think of them, may need to change, to become more fluid and varied to include not just traditional unions and professional associations but also a variety of other labor advocacy groups. At a very minimum, unions will need to develop new capacities to build coalitions and leverage the presence and legitimacy of these alternative worker advocacy groups to achieve their objectives in a more networked, and fluid economy. Moreover, unions will need to develop and harness new sources of power. If they are to be key players in an information and human capital driven economy, unions will need to harness and use information and worker skills as sources of power. The implication for research is to ask tougher and more fundamental questions about unions and to examine the various experiments playing out around the world where unions are trying new approaches.

4. Collective bargaining will continue to play a key role in labor markets but its form and functions will continue to evolve. Various efforts to encourage partnership and greater cooperation will likely appear in those countries where employers and society continue to accept unions as legitimate and valued actors in a democratic society. In those that do not share this normative view of unions, collective bargaining is likely to continue to struggle and perhaps decline. In these latter societies, whether or how the void in worker voice and representation will be filled remains a major open question.
5. A key actor not included in the papers included in this issue but that warrants mention is government. This is where I believe we need to join the debates between world political events and institutions in the world of work. Our field carries a long tradition of respect for resolving differences through dialogue, negotiations, and peaceful resolution of conflicts. Our forefathers helped to invent and nurture institutions that served societies well in wake of World War II. I hope our generation is up to the challenge of doing so again in our own the post war environment.

The papers presented here provide a glimpse of how the actors in industrial relations are changing and document some of the innovations that are bringing these changes about. Given the challenges of our time, we need to continue to expand our vision of the changes in industrial relations actors and institutions that are needed and explore the effects of those on the front lines of innovation.

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